

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Financial Services Department

AGENDA DATE: June 26, 2012

CONTACT PERSON NAME AND PHONE NUMBER: Carmen Arrieta-Candelaria [(915) 541-4011]

DISTRICT(S) AFFECTED: All

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? **OR AUTHORIZE** the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

Discussion and action on a Resolution to amend the City's Debt Management Policy to revise Section 5.2 regarding the use of certificates of obligation.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

The City's Debt Management Policy ("**Policy**") was last amended on February 14, 2012. Since this timeframe, the Council is considering moving forward with a \$210 million Street Infrastructure Plan which exceeds the provision in the current Policy that pertains to issuances of certificates of obligations, whereby issuances are \$100 million or less. The amendment removes this threshold and allows the City to consider future issuances of any amount as is necessary at that particular time.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?
The policy was approved by Council on February 14, 2012.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

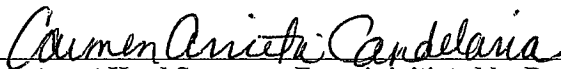
There is no direct cost associated with this action.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

RESOLUTION

WHEREAS, on November 25, 2005, the City of El Paso (the "**City**") adopted a Debt Management Policy that set forth the parameters for issuing new debt as well as managing the outstanding debt portfolio, identifies the types and amounts of permissible debt and ensures that the City maintains a solid bond rating in order to minimize borrowing costs and preserving access to credit;

WHEREAS, the City has reviewed its debt management policy at least bi-annually in accordance with the provisions of the Policy requiring Council review;

WHEREAS, the City last reviewed and amended the City's Debt Management Policy on February 14, 2012; and

WHEREAS, the City now desires to further amend the City's Debt Management Policy to revise Section 5.2 regarding the use of Certificates of Obligation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City hereby adopts the amended City of El Paso Debt Management Policy which revision is attached hereto as *Exhibit A* and incorporated herein by reference.

ADOPTED this _____ day of _____, 2012.

CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Bertha A. Ontiveros
Assistant City Attorney

APPROVED AS TO CONTENT:

Carmen Arrieta-Candelaria
Chief Financial Officer

EXHIBIT A

THE CITY OF EL PASO DEBT MANAGEMENT POLICY

5.2 Certificates of Obligation

It is the City's priority to fund the majority of capital projects with voter-approved debt. However, on occasion, it becomes necessary to seek additional financing in order to fund a particular non-quality of life project(s). COs will be issued for the following projects/acquisitions:

- Capital asset acquisitions (heavy equipment, vehicles, IT equipment, etc.)
- Rehabilitation and/or extension of the useful life of existing facilities
- Street resurfacing
- Unpaved Rights of Way
- ADA retrofitting/rehabilitation projects
- Street lighting
- Infrastructure projects (street and draining work)
- Emergency city facilities rehabilitation (storm water draining, etc.)
- Major core service facilities (police, fire, streets, etc.)

Notwithstanding the policy set forth herein and in section 5.1, certificates of obligation or other long-term debt may be considered if the following criteria are met:

- The need for the project is urgent and immediate;
- The project(s) is necessary to prevent an economic loss to the City;
- Source of revenue is specific and can be expected to cover the additional debt;
- The expected debt is the most cost effective financing option available.

In addition, the average maturity of non-voter approved debt shall not exceed the average life of the project financed. Capital items shall have a value of at least \$5,000 and a life of at least four years.

Reimbursement resolutions may be used for projects funded through certificates of obligations.